

MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON



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OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	
)	ORDER NO. D07-153
KAISER PERMANENTE HEALTH)	
ALTERNATIVES,)	CONSENT AND ORDER
)	LEVYING A FINE
Authorized Health Care Service)	
Contractor)	
)	
)	

FINDINGS OF FACT

1. Kaiser Permanente Health Alternatives ("KPHA" or "the Company") is a registered HCSC.
2. In December, 2006, KPHA self-reported to OIC that it had been administering its Dental Plan T with a \$1,000 annual benefit maximum. However, the company had not disclosed the benefit maximum to its subscribers.
3. Dental Plan T is a closed non-group Washington plan that covered 567 members as of November 11, 2005. The benefit limit was filed with OIC as an amendment for the years 2001 through 2004. However, the limit was not filed for the years 2005 or 2006, and the amendment was not included with the service agreements sent to subscribers for 2001 through 2006.
4. The Company's suggested resolution was to reimburse its members for the dental services that would have been covered if there had been no benefit maximum. OIC agreed, and the company reimbursed a total of 188 affected enrollees a total of \$50,118.40.

CONCLUSIONS OF LAW

1. By failing to file the endorsement to Dental Plan T that included the \$1,000 benefit maximum, the Company violated RCW 48.44.017(2 and 3).



2. By failing to file copies of all endorsements to its Dental Plan T that included the \$1,000 benefit maximum, KPHA violated RCW 48.44.040.
3. By issuing an individual health care service agreement with an undisclosed benefit maximum, and failing to obtain the enrollee's signature on an endorsement setting forth that modification and attaching the endorsement to the agreement, the Company violated RCW 48.44.390.
4. By failing to file with the Commissioner every contract form and rate schedule, and modification thereof, before they were used, KPHA violated WAC 284-43-920.
5. By failing to set forth a limitation in the contract either with the benefit provision to which it applied, or under an appropriate caption, the Company violated WAC 284-44-030(2).
6. A fine for these violations is authorized under RCW 48.44.166 in an amount not less than two hundred fifty dollars or more than ten thousand dollars.

CONSENT TO ORDER

NOW, THEREFORE, KPHA consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of the Company's payment of a fine on such terms and conditions as are set forth below:

1. KPHA consents to the foregoing Findings of Fact and Conclusions of Law as they pertain to these facts, consents to the entry of the Order and waives further administrative or judicial challenge to the OIC's actions related to the subject matter of the Order;
2. The OIC will impose a fine of One-Hundred Thousand Dollars (\$100,000), and suspend Fifty Thousand Dollars (\$50,000) of that, on the conditions that:
 - a. Within thirty days of the entry of this Order, KPHA pays Fifty Thousand Dollars (\$50,000);
 - b. KPHA commits no further violations of the statutes and regulations that are the subject of this order for a period of two years from the time this order is entered. The OIC will not impose the balance of this fine nor take action against KPHA's Certificate of Authority should the company commit isolated, de minimis violations of the statutes and regulations that are the subject of this order during the suspense period, as determined by the OIC. KPHA commits to rectifying such violations promptly once they are discovered;
 - c. The Company understands and agrees that any future failure to comply with the statutes and regulations which are the subject of this Order constitutes grounds for further penalties which may be imposed in direct response to that further violation, in addition to the imposition of the suspended portion of the fine;

d. The suspended portion of this fine will be imposed at the sole discretion of the Insurance Commissioner according to the conditions set forth above, without any right to advance notice, hearing, or appeal; and

3. Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of KPHA's Certificate of Authority.

EXECUTED this 11 day of July, 2007.

KAISER PERMANENTE HEALTH
ALTERNATIVES

By: 

Title: President

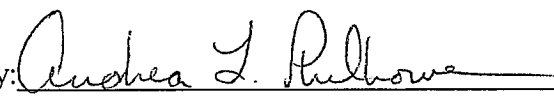
ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Kaiser Permanente Health Alternatives agrees to pay a fine in the amount of One-Hundred Thousand Dollars(\$100,000), of which Fifty Thousand Dollars (\$50,000) is suspended on the conditions set forth and agreed to above.
2. Fifty Thousand Dollars (\$50,000) must be paid in full within thirty days of the date of entry of this order.
3. Failure to pay this fine and to adhere to the conditions shall constitute grounds for revocation of KPHA's Certificate of Authority, and in the recovery of the fine through a civil action brought on behalf of the commissioner by the attorney general.

EXECUTED this 23rd day of July, 2007.

Mike Kreidler
Washington State Insurance Commissioner

By: 
Andrea L. Philhower
Staff Attorney, Legal Affairs Division